

Mindless Resolutions

The book [Mindless Eating](#) gives a stat that can't possibly be verified but I still kind of believe it.

It estimates that 95% of people who lose weight on a diet end up gaining it back.

Maybe this is one of those stats that's a little deceiving like the 50% divorce rate. That stat is so high because there are people out there who go through multiple divorces, therefore bringing up the average. There are obviously serial dieters out there who are constantly looking for something that works and failing on multiple occasions.

I'm reminded of this stat every year around this time because the majority of New Year's resolutions deal in things like health or money and there's a high likelihood a majority of them never come to fruition.

Resolutions don't stick because they're tactics, not systems. They're strategies, not philosophies.

In market speak, resolutions are S&P 500 price targets. It sounds like a great idea at the time but typically ends up being a fruitless exercise in the end.

A goal of losing 15 lbs. is a tactic. Figuring out how to live a healthy lifestyle is a system.

A goal of running a single marathon requires strategy. Becoming someone who runs on a consistent basis requires a change in philosophy.

A goal of getting your finances in order is a nice idea. Automating your entire financial ecosystem requires a change in mindset.

The problem with giving yourself specific targets or goals is once you achieve them there's nothing to stop you from falling back into old habits. We tend to give up on what got us to that goal in the first place because the anticipation of a reward often brings more feelings of joy than the reward itself.

Or you could set such an unrealistic goal that you give yourself an out to completely give up before you ever get close.

Financial goals usually go something like this:

My goal is to earn 10%/year, every year in my portfolio.

My goal is to beat the market by 2%/year.

My goal is to have \$1 million dollars in my portfolio by age 55.

There's nothing wrong with having goals like these per se, but they could invite the wrong types of habits to get there. Let's look at these same ideas through a process-oriented lens:

My goal is to ensure I earn my highest possible share of market returns by controlling my costs, turnover, and number of taxable events.

My goal is to avoid underperforming my own investments by making avoidable mistakes.

My goal is to save as much as possible on a regular basis to reduce the financial stress on future me while still enjoying the present through a prioritized spending plan.

Time or number-specific goals will always be more appealing because it's much easier to measure an outcome than a process. But shooting for a specific outcome at all times could introduce unnecessary risk into the equation.

There's no shame in wanting to retire by a certain date or building a portfolio with a specific dollar amount. But if you take ridiculous risks to do so or screw up other parts of your life in pursuit of a number you increase the likelihood of being worse off in the end.

Having goals is a worthy pursuit and giving yourself the proverbial carrot on a stick when the calendar changes *could* always improve your lot in life. But the way people approach these things often comes in the form of misaligned incentives on that stick.

Thinking in terms of systems, not goals; process, not outcomes; and philosophy, not tactics is how you can see lasting change in your habits, and hopefully your life.

Further Reading:

[How Investors Develop Bad Habits](#)